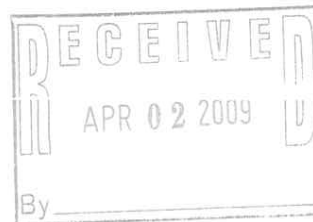


# CALIFORNIA PARENTING INSTITUTE

## FINANCIAL STATEMENTS

JUNE 30, 2008

DATE RECEIVED:



AUDIT REVIEW #(s) 04569

Assigned To: Leahy

Date Reviewed: 4/8/09

Reviewer's Initials: SL

Date Review(s) Completed: 4/9/09



## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expense	4
Statement of Cash Flows	5
Notes to Financial Statements	6



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
California Parenting Institute  
Santa Rosa, California

We have audited the accompanying statement of financial position of California Parenting Institute (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Parenting Institute as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2009, on our consideration of California Parenting Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of California Parenting Institute taken as a whole. The accompanying Schedule of Expenditures by Office of Emergency Services, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information has been subjected to the procedures applied in the audit of the basic financial statements, which are in conformity with the Office of Emergency Services Recipient Handbook, and all other laws, regulations and sub-grant requirements. In our opinion, this additional information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*SUSAN E. GORANSON, CPA*

Santa Rosa, California  
March 30, 2009

CALIFORNIA PARENTING INSTITUTE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2008

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 370,341	\$ 121,702	\$ 492,043
Short-term investments	427,040	-	427,040
Accounts receivable	403,570	-	403,570
Grants receivable	-	131,000	131,000
Prepaid expenses and deposits	28,150	-	28,150
Total current assets	<u>1,229,101</u>	<u>252,702</u>	<u>1,481,803</u>
Fixed assets:			
Buildings	3,303,710		3,303,710
Furniture and equipment	<u>133,608</u>		<u>133,608</u>
Subtotal	3,437,318		3,437,318
Less accumulated depreciation	<u>(506,512)</u>		<u>(506,512)</u>
Net fixed assets	<u>2,930,806</u>		<u>2,930,806</u>
Total assets	<u>\$4,159,907</u>	<u>\$ 252,702</u>	<u>\$4,412,609</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$ 252,546		\$ 252,546
Security deposits	14,236		14,236
Agency funds	14,413		14,413
Line of credit	-		-
Current portion long-term debt	<u>645,291</u>		<u>645,291</u>
Total current liabilities	926,486		926,486
Long-term debt, net of current portion	<u>957,064</u>		<u>957,064</u>
Total liabilities	<u>1,883,550</u>		<u>1,883,550</u>
Net assets:			
Unrestricted	2,276,357		2,276,357
Temporarily restricted	<u>-</u>	252,702	<u>252,702</u>
Total net assets	<u>2,276,357</u>	<u>252,702</u>	<u>2,529,059</u>
Total liabilities and net assets	<u>\$4,159,907</u>	<u>\$ 252,702</u>	<u>\$4,412,609</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Grants and contracts	\$ 1,812,058	\$ 246,975	\$2,059,033
Fees	52,010		52,010
Contributions	32,311		32,311
Family Expo	12,375		12,375
Special events	59,403		59,403
Investment income	23,307		23,307
Other income	31,239		31,239
Net assets released from restriction	<u>469,819</u>	<u>(469,819)</u>	<u>-</u>
Total support and revenue	<u>2,492,522</u>	<u>(222,844)</u>	<u>2,269,678</u>
EXPENSES:			
Program	1,584,733		1,584,733
Administration	269,983		269,983
Fundraising	<u>120,697</u>		<u>120,697</u>
Total expenses	<u>1,975,413</u>	<u>-</u>	<u>1,975,413</u>
Change in net assets before other revenue and extraordinary items	<u>517,109</u>	<u>(222,844)</u>	<u>294,265</u>
OTHER SUPPORT/REVENUE			
Rental income	225,555		225,555
Rental expenses	<u>(227,858)</u>		<u>(227,858)</u>
Net rental income	<u>(2,303)</u>		<u>(2,303)</u>
EXTRAORDINARY ITEMS			
Reprogrammed grants	<u>-</u>	<u>(68,415)</u>	<u>(68,415)</u>
CHANGE IN NET ASSETS	514,806	(291,259)	223,547
NET ASSETS, BEGINNING	<u>1,761,551</u>	<u>543,961</u>	<u>2,305,512</u>
NET ASSETS, ENDING	<u>\$2,276,357</u>	<u>\$ 252,702</u>	<u>\$2,529,059</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE  
STATEMENTS OF SUPPORT, REVENUE AND FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Rental</u>	<u>Total</u>
SUPPORT AND REVENUE:					
Grants and contracts	\$1,694,841	\$ 834,011			\$2,528,852
Fees	52,010	-			52,010
Contributions	500	31,811			32,311
Family Expo	-	12,375			12,375
Special events	-	59,403			59,403
Investment income	-	23,307			23,307
Other income	187	31,052		\$225,555	256,794
Net assets released from restriction	<u>(425,508)</u>	<u>(44,311)</u>		-	<u>(469,819)</u>
Total support and revenue	<u>1,322,030</u>	<u>947,648</u>		<u>225,555</u>	<u>2,495,233</u>
EXPENSES:					
Salaries and wages	993,641	266,609	\$ 56,740	29,025	1,346,015
Payroll tax expenses	87,863	23,843	4,849	2,404	118,959
Employee benefits	41,310	19,812	2,454	237	63,813
Occupancy	47,373	30,686	-	35,119	113,178
Professional fees	18,932	57,797	1,140	15,110	92,979
Interest expense		32,711	-	60,367	93,078
Depreciation	13,507	51,933	-	37,204	102,644
Supplies	27,641	20,100	256	-	47,997
SCBC expense	-	23,337	-	-	23,337
Computer support	1,725	21,167	-	-	22,892
Travel and conferences	27,475	962	435	-	28,872
Communications	4,439	10,975	-	-	15,414
Insurance	-	13,783	82	2,679	16,544
Event expense	-	13	21,536	-	21,549
Postage	2,744	7,794	4,801	-	15,339
Printing	9,111	4,315	4,138	-	17,564
Equipment rental and repair	145	9,694	-	-	9,839
Carseats	9,261	-	-	-	9,261
Other operating expense	35,444	8,285	127	141	43,997
Overhead allocation	<u>264,122</u>	<u>(333,833)</u>	<u>24,139</u>	<u>45,572</u>	<u>-</u>
Total expenses	<u>1,584,733</u>	<u>269,983</u>	<u>120,697</u>	<u>227,858</u>	<u>2,203,271</u>
Change in net assets	<u>\$ (262,703)</u>	<u>\$ 677,665</u>	<u>\$(120,697)</u>	<u>\$ (2,303)</u>	<u>\$ 291,962</u>

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 223,547
Adjustments to reconcile change in net assets to cash from operations	
Depreciation	102,644
Forgiveness of debt	
(Increase) decrease in:	
Accounts and grants receivable	422,995
Prepaid expenses and deposits	5,556
Increase (decrease) in:	
Accounts payable and accrued expenses	161,347
Security deposits	-
Agency funds	-
Total cash provided by operations	<u>916,089</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in investments	(16,632)
Purchase of property and equipment	<u>(1,192,979)</u>
Total cash (used) provided by investing activities	<u>(1,209,611)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Net borrowings (payments) on line of credit	(80,000)
Proceeds from short-term debt	631,670
Principal payments on long-term debt	<u>(12,600)</u>
Total cash used by financing activities	<u>539,070</u>

NET CHANGE IN CASH 245,548

CASH, beginning of year 246,495

CASH, end of year \$ 492,043

Supplemental information:

Cash paid for interest	<u>\$ 93,078</u>
------------------------	------------------

The accompanying notes are an integral part of these financial statements

CALIFORNIA PARENTING INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 1      ORGANIZATION

California Parenting Institute (CPI) is a family resource agency founded in 1978 in Sonoma County. Our mission is to nurture children and families by providing parent education, support, and mental health services to prevent and treat child abuse and neglect. In 2005, CPI merged with CARE Children's Counseling Center, which has provided Sonoma County with therapeutic treatment for child abuse since 1986. We serve families of children 0-18 with a wide range of services that include: parenting classes, child safety seat programs, literacy outreach, dads' programs, single parent and teen parent programs, supervised visits for non-custodial parents. CPI also works with high-risk families in the jails, drug treatment centers and homeless centers with in-home parent education and on-site classes; and is a part of the local gang prevention collaboration. Our counseling and therapeutic services specialize in the mental health needs of abused and traumatized children. These counseling services for children and their adult caregivers include treatment for child abuse, domestic violence, child traumatic grief, and divorce adjustment. In addition, we conduct a consultation program for child care providers to prevent expulsion of preschoolers. Since 2001, CPI has been designated by the state of California as the county's provider of treatment for child victims of abuse and neglect and is staffed to accept referrals 24-hours a day. Importantly, CPI is the lead agency for the Sonoma County Child Abuse Prevention Coordinating Council, overseeing countywide strategic planning to treat and prevent child abuse.

NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of California Parenting Institute are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Upon expiration of a donor stipulation, or accomplishment of a donor's intended purpose, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activity as net assets released from restrictions.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, CPI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts receivable - Accounts receivable consists primarily of contract fees and grant reimbursements due to CPI.



CALIFORNIA PARENTING INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fixed Assets - Fixed assets are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually five to ten years depending upon the asset.

Agency Funds - CPI is holding cash for the Guardian Angel Project, and is serving as fiscal agent for the Sonoma County Breastfeed Coalition.

Income Taxes - The Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The Internal Revenue Service has determined this Organization is not a private foundation under Section 509(a)(2).

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activity. Accordingly, certain costs have been allocated among the programs and supporting services.

Donated Services and Items - Many people have contributed significant amounts of time and inventory to the activities of CPI without compensation. The financial statements do not reflect the value of those contributed services and items because, although clearly substantial, no reliable basis exists for determining an appropriate valuation.

NOTE 3      INVESTMENTS

Investments consist of donated stock, money funds and certificates of deposits held at a brokerage and a bank. Cost approximates fair value. Detail of the stock is as follows at June 30, 2008:

	<u>Cost</u>	<u>Fair Value</u>
138 shares Medtronic stock	\$ <u>2,824</u>	\$ <u>7,141</u>

CALIFORNIA PARENTING INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

NOTE 4      ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of CPI. The value of accrued vacation at June 30, 2008 and 2007 was \$29,924.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are not recognized as liabilities since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period taken.

NOTE 5      BANK LINE OF CREDIT

CPI has available a \$200,000 unsecured revolving line of credit, with interest payable at one percent above the index rate, 9.25 percent at June 30, 2008. The credit line renews annually in August. There is no balance at June 30, 2008.

CPI has available a \$75,000 unsecured revolving line of credit, with interest payable at 9.25 percent at June 30, 2008. The credit line renews annually in September. There is no balance at June 30, 2008.

CPI has available a \$25,000 unsecured revolving line of credit, with interest payable at 7.75 percent at June 30, 2008. The credit line renews annually in June. There is no balance at June 30, 2008.

NOTE 6      LONG-TERM DEBT

CPI purchased their building and an adjacent building which has a mortgage held by the seller for \$1,005,175. The first five years were interest only at 9.5 percent. Thereafter monthly payments of \$8,789 are due including principal and interest. The balance of the mortgage is \$970,685 at June 30, 2008.

CPI did extensive renovations during the fiscal year ended June 30, 2008 using a construction loan at a bank with a maximum borrowing limit of \$1,051,160. Interest is charged at 8.75 percent. The current disbursement of the loan at June 30, 2008 is \$631,670. CPI is currently in negotiations to convert the construction loan into permanent financing.

CALIFORNIA PARENTING INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007

NOTE 6            LONG-TERM DEBT, continued

Future maturities are as follows at June 30:

2009	\$ 645,291
2010	14,973
2011	16,459
2012	18,093
2013	19,890
Thereafter	887,649

NOTE 7            TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2008:

Child Abuse Treatment Program	\$ 30,000
Operations	100,000
Facilities renovation	79,475
Resilient Children Counseling	12,500
One Day at a Time	25,000
Parenting Library	4,230
Family Action	<u>1,497</u>
	\$ <u>252,702</u>

NOTE 8    CONTINGENCIES

California Parenting Institute receives a substantial portion of it's support from government grants, all of which are subject to audit by the funding agency. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and accounted for by the funding agencies. A significant reduction in the level of this support, were this to occur, may have an effect on CPI's programs.

CALIFORNIA PARENTING INSTITUTE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007

NOTE 9 OPERATING LEASE COMMITMENTS

The Agency leases space to three tenants under non-cancelable operating leases with terms of sixty months to sixty-four months, commencing in 2006 and terminating in 2012. Future minimum lease commitments are as follows at June 30:

2009	\$ 203,802
2010	206,088
2011	219,492

NOTE 10 CONCENTRATION OF CREDIT RISK

The Agency has cash in one bank at June 30, 2008 and three banks at June 30, 2007 in excess of the Federal Deposit Insurance Corporation limit of \$100,000. The Agency exceeds the limit by \$289,359 at June 30, 2008.

## SUPPLEMENTAL INFORMATION

CALIFORNIA PARENTING INSTITUTE  
SCHEDULE OF EXPENDITURES AND MATCHING REVENUES  
OFFICE OF EMERGENCY SERVICES  
FOR THE YEAR ENDED JUNE 30, 2008

Grant Numbers:	AT06031605	AT07041605	
	<u>7/1/2007-9/30/2007</u>	<u>10/1/2007-6/30/2008</u>	<u>Total</u>
Personnel costs	\$ 31,758	\$ 106,976	\$ 138,734
Operating costs	<u>7,911</u>	<u>12,300</u>	<u>20,211</u>
Total expenditures	39,669	119,276	158,945
Match	<u>6,968</u>	<u>23,858</u>	<u>30,826</u>
Total due CPI	<u>\$ 32,701</u>	<u>\$ 95,418</u>	<u>\$ 128,119</u>



## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
California Parenting Institute  
Santa Rosa, California

We have audited the financial statements of California Parenting Institute as of and for the year ended June 30, 2008, and have issued our report thereon dated March 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered California Parenting Institute's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California Parenting Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Parenting Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, any funding sources, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Erzane Goranson, CPA*

Santa Rosa, California  
March 30, 2009

